

RULES AND REGULATIONS

APPLICATION FOR SERVICE

1. All applications for water service must be made in writing on a form provided by the Pinehills Water Company, Inc. (hereinafter the "Company"). The application for service must be made by or on behalf of the property owner (whether that owner is an individual, family, trust or other legal entity) (hereinafter the "Applicant" or "Customer"). The Company may waive this requirement in its sole discretion.

2. No agreement will be entered into by the Company with any Applicant until all arrears and charges due by the Applicant at any premises now or heretofore occupied by him/her shall have been paid.

3. When accepted by the Company, the application shall constitute a contract between the Company and the Applicant, obligating both parties to comply with these Rules and Regulations.

4. Applications for service installations will be accepted subject to there being an existing main in a street or right-of-way abutting on the premises to be served. The contract in no way obligates the Company to extend its mains to service the premises under consideration.

5. In circumstances where there is no existing main in the street or right-of-way abutting premises at which service is desired, the Company will accept applications for service installations from a home builder where the builder complies with the following, in addition to all other requirements established herein for applications for new service. In its application to the Company, the builder will provide data on the number of buildings and square footage and number of bedrooms contained in each, the anticipated date of occupation of each building and any other information as may concern the expected water consumption of end-users in such buildings and other information as the Company may reasonably request.

The builder shall agree to extend the Company's water mains in a manner sufficient to provide the requested water service and in a manner compliant with all specifications and requirements that the Company may present to the builder. Before water service shall commence, the Company (or its representative/agent) shall have been allowed a reasonable opportunity to inspect the water mains and shall have accepted them as compliant with applicable standards and the builder shall have contributed such mains and related facilities to the Company at no cost to the Company. Any use during building construction shall be metered and paid for by the builder in accordance with applicable charges.

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6. When a prospective Customer has made application for a new service, or has applied for the reinstatement of an existing service, damage caused by any deficiency in the plumbing which the service will supply will be at the risk of the Customer, and the Company will be liable only for its own negligence.

7. A New Connection Charge for a new service connection to commercial or industrial premises or to residential premises shall be charged by the Company at the time the meter for such new service is set, in accordance with the schedule in Attachment A hereto.

SERVICE CONNECTIONS

8. Original service pipe and connections from the main to the curb valve, or from the curb valve to the Customer's premises, will be installed by the Company or under its direction, all at the expense of the Customer. All service pipe shall have a minimum cover of four and one-half feet and a side diameter of one inch. To the extent not prescribed by State and Municipal regulations, materials and methods of construction shall be approved by the Company, and if the service has not been installed in accordance with Company's reasonable requirements, water will not be turned on until all defects have been remedied.

9. The portion of service pipe in the traveled way shall be maintained or replaced as necessary by the Company at Company expense. Service pipe from the curb valve to the Customer's premises will be maintained by the Customer at Customer's expense and in a manner satisfactory to the Company; provided, that if such service pipe is installed by the Company (such installation choice being in the Company's sole discretion) it will be guaranteed by Company for one year.

10. Curb valves will not be used by the Customer or his agent for turning on or shutting off the water supply. The Customer's control of water supply shall be by means of a separate valve, located usually just inside the building wall. Curb valves are for the exclusive use of the Company.

11. No service pipe shall be laid in the same trench with gas pipe, sewer pipe, electric or telephone wires or any other facility of a public service company, nor within three feet of any open excavation, tank, cesspool or vault.

12. On future installations or reinstallations of service lines, only one premises will be supplied through one pipe. As used in these Rules and Regulations, the word "premises" shall mean:

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(a) A building under one roof owned by one Customer and occupied as a residence or place of business;

(b) A combination of buildings owned by one Customer, in one common enclosure, or occupied by one family, or one corporation or firm as a residence or place of business;

(c) A building owned by one Customer having a number of apartments, offices, or lofts which are rented to tenants, and using in common one hall and one or more means of entrance, or

(d) A condominium association serving one or a combination of buildings in one common enclosure.

"Attached homes" that may have a common or shared wall but are separately owned homes may be considered separate premises and may be separately metered.

METERING

13. All service except fire hydrants shall be metered. An individual meter shall be required for each premises and each separate service connection. The Company may in its sole discretion, require installation of flow indicators, or metering devices, on fire connections.

14. Each new meter shall be purchased and installed by or at the direction of the Company at the Customer's expense. The meter shall be of such size and design as reasonably necessary to serve the Customer involved. Ownership of the meter shall be at all times in the Company and the Company shall be responsible for maintenance (and replacement when determined to be necessary by the Company) of each meter at its own expense, except to the extent that the meter is damaged by the willful act or negligence of the Customer.

15. If any meter is required within a premises in addition to the Company's entrance meter, it will be installed, maintained, replaced and read by and at the expense of the Customer.

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16. The quantity of water recorded by the meter shall be accepted as conclusive by both the Customer and the Company, except when the meter has been found to be registering inaccurately, or has ceased to register. In any such case, the quantity may be determined by the average registration of the meter in a corresponding past period, or by the average registration of the new meter, whichever method is more representative of the conditions existing during the period in question.

17. The Company reserves the right to remove and to test any meter at any time and to substitute another meter in its place. In the case of a disputed account involving a question as to the accuracy of the meter, such meter will be tested by the Company upon request of the Applicant at a charge, as specified in Attachment A hereto. The builder shall agree to extend the Company's water mains in a manner sufficient to provide the requested water service and in a manner compliant with all specifications and requirements that the Company may present to the builder. Before water service shall commence, the Company (or its representative/agent) shall have been allowed a reasonable opportunity to inspect the water mains and shall have accepted them as compliant with applicable standards and the builder shall have contributed such mains and related facilities to the Company at no cost to the Company. Any use during building construction shall be metered and paid for by the builder in accordance with applicable charges.

18. Subject to the provisions of Section 14 hereof, no one other than an agent of the Company shall remove, inspect, or tamper with the meter. As soon as it comes to Customer's knowledge, the Customer shall notify the Company of any injury to or malfunction of the meter.

PAYMENT FOR SERVICE/TERMINATION OF SERVICE

19. Bills for service will be rendered periodically in accordance with the "Term of Payment" noted on the applicable Rate Schedule and are payable at the office of the Company upon presentation.

20. Each bill for service will be rendered to the property owner of record, and, in the absence of special agreement, said owner will be held responsible for the payment of the bill.

21. If payment for water service in full is not made within forty-five days after the bill is received by the non-residential customer (meaning service being provided to a commercial building or installation, or recreational amenity but not to a single or multi-unit residential building), the Company reserves the right to impose interest charges as provided in Section 33 hereof and/or to discontinue service in his premises in accordance with the procedures provided by applicable regulations of the Department of Telecommunications and Energy. The Company reserves the right to terminate water service to residential customers on account of non-payment of the Company's bills, provided that the Company complies with applicable rules of the

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Department of Telecommunication and Energy.

22. Whenever the Customer desires to have water service discontinued, the Customer shall notify the Company. Until such notice is received by the Company, the Customer shall be responsible for payment for service rendered by the Company. A reasonable time after the receipt of such notice shall be allowed the Company to take a final reading of the meter and to discontinue service.

GENERAL

23. In addition to termination of service, as specified in Section 21 above, subject to applicable requirements of the Department of Telecommunications and Energy, water service may be discontinued upon reasonable notice for any one of the following reasons:

- (a) willful waste of water;
- (b) molesting meters or meter seals;
- (c) property vacant, furnishings removed and whereabouts of owner unknown;
- (d) cross connecting Company service with any other supply source; or
- (e) refusal of reasonable access to property or to meter.

24. When water has been turned off for any of the above reasons, because of an unpaid bill, or upon order of the customer, a charge will be made for restoring service in the amount specified in Attachment A hereto.

25. The Company shall have the right to cut off the water supply to make repairs, changes or connections to its mains and other equipment, and in the event of an emergency. It will use reasonable efforts to notify the Customer in advance of such discontinuance of service but in time of emergency may not be able to do so.

COMPANY ACCESS

26. Any authorized agent of the Company shall have the right of access at all reasonable hours to the premises supplied with water for the purpose of reading meters, examining fixtures and pipes, observing the manner of using water, or for any other purpose which is reasonable and necessary in the conduct of Water Company business.

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No person shall be deemed to be an authorized agent of the Company entitled to such access unless he displays appropriate identification.

LIABILITY

27. The Company shall not be liable for any damage or inconvenience suffered by the Customer as a result of any cause beyond the Company's control and in no event shall the Company be responsible for any consequential damages of the customer that may result from service interruption. The Company shall have the right to reserve a sufficient supply of water at all times to provide for fire or any other emergencies, and may restrict or regulate the use of water by its customers in case of scarcity, or whenever the public welfare may require it.

FIRE HYDRANTS

28. Water from fire hydrants or other fire protection systems shall be used only for fire protection purposes, except that water from fire hydrants may be used in a reasonable amount and at such times as the Company may permit, for the purposes of testing hydrants and fire fighting apparatus, such tests to be conducted only by the properly authorized agents or employees of the municipality served and after the consent of the Company has been obtained, or for such other purposes as may be approved by the Company from time to time. Without specific permission from the Company, no pumps will be permitted to be connected with water pipes so as to draw water except for fire purposes. To the extent that during construction, builders' contractors need to access water through hydrants, they shall inform the Company and make use only after the Company consents and installs appropriate metering. The Company may impose charges for such use and the builder/contractor shall pay all amounts billed by the Company. The Company will also use the hydrants to periodically flush the system.

29. The municipality served and its Fire Department shall use fire hydrants with reasonable care and will compensate the Company for damage to hydrants which may result from carelessness or negligence on the part of personnel or agents of the municipality.

CUSTOMER SECURITY DEPOSITS

30. As assurance of payment for commercial or industrial water bills, or for installation of service or other service work on water related facilities

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("jobbing") undertaken for any type of customer, the Company may require a customer to make a security deposit. Security deposits for commercial or industrial water bills are subject to the applicable regulations of the Massachusetts Department of Telecommunications and Energy. Security deposits for jobbing services shall be equal to one and one-half of the estimated cost of the jobbing service. Interest shall be paid on such security deposit in accordance with the General Laws of Massachusetts and/or applicable regulations. When service is discontinued, or the jobbing work is completed, the Company will apply the security deposit against any sum owed to the Company by the customer and refund the balance, if any, to the customer.

SERVICE TO NEW AREAS

31. The developer of a real estate subdivision shall pay the total cost of a new water main (materials and labor) to reach the subdivision from an existing main and to service the subdivision internally. An individual property owner will likewise be required to pay the total cost of extending an existing main to reach his property. In all cases, Company inspection and acceptance of contributed plant is a prerequisite to service. The Company will own such mains and secondary mains.

32. The sizing of the Company's main shall be specified by the Company taking into consideration the distance involved and the size of the subdivision to be served.

INTEREST CHARGES FOR LATE PAYMENT

33. (a) Except as otherwise provided herein, bills shall be due and payable when rendered. A bill shall be deemed rendered when it is delivered to the Customer personally or three days following the date of the mailing of the bill to the mailing address supplied by the Customer to the Company.

(b) No bill shall be considered "past due" under applicable law or these Regulations in less than forty-five (45) days from receipt. No bill rendered to the Commonwealth of Massachusetts or to any agency, city, town, county or political subdivision thereof, shall be considered "past due" under applicable law or these Regulations in less than fifty-five (55) days from receipt.

(c) Except as provided in section (d) below, a bill rendered to a non-residential Customer for which payment in full has not been received within 45 days from the date the bill was rendered shall bear interest at the applicable monthly rate as determined in section (e) below, on any unpaid balance from the due date until the date of payment.

(d) A bill rendered to the Commonwealth of Massachusetts or to any agency, city,

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town, county or political subdivision thereof, for which payment in full has not been received within 55 days, from the date the bill was rendered shall bear interest at the applicable monthly rate as determined in section (e) below, on any unpaid balance from the due date until the date of payment.

(e) The applicable monthly interest rate shall be established on February 1 each year based upon the previous year annual average of two year treasuries plus 1000 basis points, as per DPU Order 93-204-A, effective 11/01/94.

PRESSURE AND CONTINUITY OF SUPPLY

34. (a) The Company does not guarantee a sufficient or uniform pressure, or an uninterrupted supply of water and Customers are cautioned to provide sufficient storage of water where an absolutely uninterrupted storage supply must be assured, such as steam boilers, domestic hot water systems, gas engines, medical equipment, etc.

(b) In high elevation sections where pressure is low, the Customer may, if he/she desires a higher pressure than that furnished at the mains of the Company, install at Customer's own expense, a tank and/or booster pump, of a type and installation approved by the Company. Customer shall pay for all costs related to the installation of said tank and/or booster pump including costs of plan review, inspection and related services of the Company. Any damage to plumbing or the service connection caused by or resulting from the installation of said tank and/or booster pump shall be the responsibility of the Customer, Company's review, approval or inspection of said tank and/or pumping station notwithstanding.

(c) Where the pressure to a Customer's premises is greater than desired, it shall be Customer's responsibility to install the proper regulating device to reduce pressure to the extent desired, as approved by the Company and subject to inspection by the Company. Any damage to plumbing or the service connection caused by or resulting from the installation of said device shall be the responsibility of the Customer, Company's review, approval or inspection of said device notwithstanding.

(d) The Company shall have the right to reserve sufficient supply of water at all times to provide fire, health and sanitary requirements, whenever the public welfare may require it.

DURING DROUGHT CONDITIONS

35. (a) The Company shall restrict water usage by the following ways:

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Stage I Voluntary water conservation - Outside water usage limited to odd-even allocation program between the hours of 7 PM and 7 AM.

Stage II Mandatory water conservation - Outside water usage limited to odd-even allocation program between the hours of 7 PM and 7 AM.

First violation - written citation.

Subsequent violations - termination of water service plus costs of termination and restoration.

Stage III Mandatory water conservation - Lawn sprinklers, irrigation system, soakers and unattended hoses forbidden. Outside water usage restricted to use of hand held hose only for no more than one (1) hour between 7 PM and 7 AM.

First violation - written citation.

Subsequent violations - termination of water service plus costs of termination and restoration.

Stage IV Total mandatory water conservation - All outside use of water is forbidden.

First violation - written citation.

Subsequent violations - termination of water service plus costs of termination and restoration.

For Stage II, Stage III and Stage IV, first violation notices shall state the consequences (i.e., shut off and fees) for each subsequent violation cited during the restriction period.

36. (a) The Company will notify local agencies, Department of Environmental Protection and the Department of Telecommunications and Energy before implementation of any stage of the water conservation restrictions as set forth therein. Copies of the notification, penalties, termination notices and acknowledgments of penalties shall be filed with the such agencies.

(b) Customers shall be notified by the local newspaper, radio station and cable television, handouts, and advance notification through billings for drought related restrictions. In an emergency requiring 24 hour or less notification, termination shall be deferred until the customer found in violation is personally notified. Notification through the Intranet for the Pinehills community (upon implementation thereof) shall satisfy and notice requirements specified herein.

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- (c) No exceptions shall be granted for Stage II, Stage III and Stage IV.
- (d) Restrictions shall remain in effect until public notice is given by the Company.
- (e) Costs of termination and restoration be paid in full before service is restored.

CHARGES DURING DROUGHT CONDITIONS

37. (a) A charge for Termination and Restoration during drought conditions shall be imposed on the Customer as specified in Attachment A.

(b) Where service restoration can reasonably be accomplished, only outside the Company's normal working hours (Monday through Friday, 9 AM to 4 PM), the termination and restoration charge imposed on a customer of record may be higher than \$50.00 in order to recover the Company's actual overtime costs. The charge imposed outside normal working hours shall be limited to the Company's actual costs which vary according to the time involved, day of the week and time of the day and holidays.

(c) The charge for termination and restoration is applicable to all customers located on the mains of the Company for the purpose of drought conditions.

ATTACHMENT A

Schedule of Charges

1. New Connection Charge:

5/8" meter (20 gallons per minute) \$ 350.00

3/4" meter (30 gallons per minute) 350.00

1" meter (50 gallons per minute) 875.00

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1 1/2" meter (100 gallons per minute)	1,750.00
2" meter (160 gallons per minute)	2,800.00*
3" meter (320 gallons per minute)	5,250.00*
4" meter (500 gallons per minute)	8,750.00*
6" meter (1,000 gallons per minute)	17,500.00*
8" meter (1,600 gallons per minute)	28,000.00*

* Such charges may be paid over more than one billing period as may be agreed upon by the Customer and the Company.

2. Service Termination or Restoration Charge:

Between 9 AM and 4 PM \$25.00

Between 4 PM and 9 AM 165.00

or actual cost

3. Drought Conditions - Termination or Restoration Charge:

Between 9 AM and 4 PM \$25.00

Between 4 PM and 9 AM 165.00

or actual cost

4. Meter Testing:

The fee for testing such meter will be fifty dollars for meters one inch and smaller and seventy-five dollars for larger ones, payable in advance of the test. In the event that the meter so tested is found to have an error to the detriment of the customer in excess of two percent at any rate of flow within normal test flow limits, the fee advanced for testing will be refunded, and the current bill rendered based on the last reading of such meter shall be corrected accordingly.

Schedule of Charges, Cont'd

5. Frozen Meters Actual cost

6. Return Check Fee \$25.00

7. After Hours Call Out \$165.00

8. Cross Connection-one device testing \$75.00

- Each additional 35.00